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SHARING THE DEFENSE BURDEN WITH JAPAN: HOW MUCH IS ENOUGH?

Summary

During the past decade dramatic international changes have substantially expanded U.S. security activities and commitments. At the same time trade and budget deficits have escalated, forcing the Pentagon to restrain the increase in spending. As Washington feels the stress of coping with increased defense needs, policymakers have begun to call on U.S. allies to assume more of the financial burden for the defense of the Western alliance.

Japan's huge trade surplus and low defense spending have brought it tough criticism for enjoying a "free ride" on security from the United States. It has been the repeated target of legislation and exhortations demanding that it spend significantly more to support mutual security interests in the Asian Pacific. Unfortunately, most critics have examined Japan's defense efforts through a lens distorted by anger and frustration over chronic trade frictions. This has made it difficult to objectively assess Japan's security requirements, the steps Tokyo has taken over the years to improve and expand its defense capabilities and, in turn, consider what the United States can reasonably ask its most important Asian ally to do given Japan's domestic political and legal constraints.

Defense Burden-Sharing: Congress Grows Restive

In December 1987 the House Armed Services Committee established the Defense Burden-Sharing Panel to examine the costs and benefits of U.S. global

defense commitments. According to chair Patricia Schroeder (D, Colo.), the group is motivated by the strong sense that the United States can no longer police the world and build a strong and stable economy. Since "the towering trade and budget deficts have forced a new period of fiscal restraint on the United States," she said in convening the hearings February 2, 1988, "we can no longer shoulder the burden of defending our NATO [North Atlantic Treaty Organization] allies and Japan without a greater commitment from them for their own defense. Our future security rests in a growing domestic economy and competitiveness in international markets."

Defense Department official Dennis E. Kloske observed last spring that Congress is "making a direct link between burden-sharing or the lack of burden-sharing and the trade deficit and [is] fed up with it." Indeed, during the past year legislators have responded with a flurry of proposals not seen on Capitol Hill since the late 1960s when Washington was saddled with the mounting costs of the Vietnam War. These measures include:

- A resolution calling on Japan to spend 3 percent of its gross national product on defense (up from the current 1.004 percent), which was adopted by both the House and Senate;

- Several proposals calling for troop reductions in Europe and Japan unless U.S. allies increase their annual defense spending;

- An amendment to the fiscal 1988 and 1989 defense authorization bills urging negotiations to increase the share of GNP spent on defense by U.S. allies;

- A Japan-targeted amendment to the fiscal 1988 defense authorization bill suggesting increased development assistance programs and defense spending to make Japan's ratio of outlays to GNP roughly equal to those of other NATO members.

- An amendment to the fiscal 1988 State Department authorization bill calling on U.S. allies to share on a pro-rata basis the costs of defending oil shipments through the Persian Gulf; and

- A "defense protection fee" requiring allies to pay a duty on all products they ship to this country equivalent to the share of GNP that the United States spends on defense, minus the percent they spend on defense.

Why the push this year? Congressional sources suggest a confluence of factors. First and foremost is growing frustration with the continuing high trade deficit and related economic problems. However, the U.S.-Soviet accord on eliminating intermediate-range nuclear missiles in Europe has also lent additional impetus to this debate. If the INF agreement is ratified by the Senate, NATO countries will have to re-evaluate the adequacy of their conventional forces and decide who will shoulder the majority of costs for improvements -- a responsibility that legislators feel the United States can no longer fully assume if it is to get a handle on its fiscal and other economic problems.

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The October 1987 stock market crash, too, has affected the policymaking atmosphere, intensifying concerns that economic vulnerability may prove to be as great a threat to U.S. security interests as Soviet military capabilities. Finally, this is an election year, which traditionally features some sort of "guns versus butter" debate.

Defense burden-sharing is not without considerable legislative background, however. The Vietnam War spawned similar troop reduction proposals and a variety of legislative initiatives aimed at getting the allies to "help us out." But it appears that more recent history has propelled the current debate. Momentum has been steadily building since the late 1970s when policymakers were jolted by the costly security implications of the Iranian revolution, the Soviet invasion of Afghanistan and other signs of regional instability. These concerns were reflected in the fiscal 1981 defense authorization bill, in which legislators declared that,

> the burdens of mutual defense by the countries allied with the United States [under NATO and the U.S.-Japan security treaties] are not commensurate with their economic resources and the continued unwillingness of those countries to increase their contributions to the common defense to more appropriate levels would endanger the vitality, effectiveness and cohesiveness of the alliances between those countries and the United States.

More importantly, the bill introduced a novel means of prodding U.S. allies to increase their defense outlays: an annual assessment of their contributions based on economic strength called the "Report on Allied Contributions to the Common Defense." Unfortunately, the report, which is prepared and submitted to Congress each year by the Department of Defense, has not been particularly well received on Capitol Hill. While the Pentagon adheres to the letter of the law, Congress charges that the assessment is so balanced that it is useless in the effort to put political pressure on NATO and Japan to increase military spending. Thus legislators have felt compelled to undertake their own examination of the issue since this enables them to draw from a variety of sources that do not necessarily have a vested interest in maintaining and managing current defense relationships.

To date the burden-sharing panel has heard from witnesses as diverse as former Defense Secretary Harold Brown, Richard Barnet of the Institute for Policy Studies, George Bader, principal director of Europe and NATO policy for the Defense Department, former Senate Armed Services Committee chairman John Tower and Kazuyuki Hamada of the Center for Strategic and International Studies. In addition to producing a report on the proceedings, the panel may develop legislation to give their conclusions and policy recommendations the force of law. If nothing else, the group's activities will keep the subject on the front burner in 1988.

Japan's Defense Effort: Turning Up The Heat

Administration Approach - As part of this revitalized effort, both the administration and Congress have singled out Japan's defense spending for special scrutiny. It is important to recall that during the first two decades of the postwar period, the United States strongly supported Tokyo's decision to emphasize economic recovery over defense needs. Since Japan's emergence as a

major economic power in the late 1960s and early 1970s, however, Washington has periodically pressed Tokyo to make a greater contribution to common security interests.

The administration's more recent calls for increased Japanese defense spending have been motivated primarily by strategic concerns. The expansion of Soviet military strength in the Far East has significantly changed the security climate, requiring better developed Japanese defense capabilities. Rather than arguing over numbers, however, the administration has focused on defense "roles and missions," an approach that encourages certain expenditures to fulfill mutually acceptable defense goals. When Washington initially broached this subject with Tokyo in early 1981, it emphasized the following ground rules:

- The United States would continue to provide a credible nuclear deterrent as well as an offensive strike force in the Northwest Pacific;

- Japan should strengthen its defense forces to assume primary responsibility for the security of its territory, coastal waters and airspace, as well as to protect economically vital sealanes out to approximately 1,000 nautical miles to the south and east;

- The United States would maintain its security commitment to the Republic of Korea and protect sealanes beyond the Northwest Pacific critical to Japan's security (e.g. oil routes).[1]

This policy was formalized in a June 1981 joint communique signed by President Reagan and then-Prime Minister Zenko Suzuki. In a subsequent National Press Club appearance, Mr. Suzuki confirmed that it would be Japan's national policy to assume the "mission" of defending the seas and skies surrounding Japan as well as the sealanes out to 1,000 miles from its Pacific ports. (Previously, its sealane security extended only to a 200-mile radius.)

The statement was significant for two reasons: first, it was a clear articulation of Japan's defense goals. But second, and perhaps more importantly, it has given some direction to Japan's defense buildup. Japan's 1976 National Defense Program Outline stipulates that Japan should possess the "minimum necessary level" of defense forces to deal with "limited and small-scale aggression." Through successive five-year procurement programs, known as the Mid-Term Defense Plans, the Japan Defense Agency has sought to meet this vaguely defined defense capability goal. According to James Auer, the Defense Secretary's special assistant for Japan, "bilateral negotiations since 1981 have been aimed at trying to get Japan to achieve the defense capabilities to enable it to meet the goals set forth by Mr. Suzuki [that year]."

Another important characteristic of the administration's policy has been to separate security from trade and other economic issues. According to Mr. Auer, this linkage "simply doesn't make sense. Some have argued that Japan should increase defense spending because it runs a huge trade surplus with the United States, rather than saying that Japan should increase its defense capabilities because of the Soviet threat to Japanese and U.S security interests. [Japan's] defense budget has a rationale of its own based on an assessment of external threats, not on its trade balance with the United States," he maintains.

[1]Gregg Rubinstein, "U.S.-Japan Security Relations," The Fletcher Forum, Vol. 12, No. 1, Winter 1988, p. 43.

Nonetheless, as defense analysts have observed, attempts to isolate defense from other aspects of U.S.-Japan relations are increasingly at odds with political realities.[2] Although the administration deplores this linkage, it cannot be denied that congressional cries for defense spending increases have provided useful bargaining leverage for U.S. negotiators pressing Tokyo for greater expenditures to meet expanded "roles and missions." Too, this policy may be repeatedly challenged in the years to come as the two countries engage in more cooperative high technology ventures.

Congressional Approach - Unlike the executive branch, Congress has been trying for 20 years to forge this link (see JEI Report No. 35A, September 18, 1987). This approach has more appeal to constituents, particularly if they have lost jobs because of Japanese competiton. Essentially, legislators note the huge bilateral trade deficit and related competitiveness problems and conclude that Japan has taken the "savings" from its "free ride" under the U.S. security umbrella and channeled it into commercial success -- to the detriment of American industry and workers. Accordingly, they say, Tokyo should use more of its wealth for defense, which would enable this country to regain its competitive edge. It is implied that increased defense spending will hurt Japan economically and brake the trade juggernaut.

This argument is flawed in several respects. First, as Mr. Auer and other Pentagon officials have repeatedly pointed out, it does not take into account how Soviet activities in the Asian Pacific might affect U.S. and Japanese security needs. Second, there is no clear-cut evidence to substantiate the contention that greater defense spending would hurt Japan's business and trade performance, and help ours. A plethora of other factors affect economic conditions and competitiveness (fiscal and monetary policies, microeconomic factors such as corporate strategies, and so on).

Third, this argument implies that as Japan spends more on defense, the United States will be able to cut back. Gregg Rubinstein of Grumman International, Inc. notes that defense cooperation is not a zero-sum game between the United States and Japan. "The issue is one of complementarity rather than substitution," he contends. "The point is that U.S. resources [will also be] needed for U.S. tasks. Both countries [will have] to [continue to] do more to meet their responsibilities."

Finally, the linkage argument does not stipulate exactly how greater Japanese defense monies should be spent. Should Japan earmark trillions of yen for defense if it does not have the missions that would be necessary to justify it? What would the money buy? Wouldn't such a dramatic increase in defense allocations cause grave concerns among Japan's Asian neighbors worried about revived militarism?

Nevertheless, this view of the situation underlies virtually all of Congress' burden-sharing initiatives. And as the trade deficit and bilateral sectoral disputes have increased, the rhetoric has grown harsher, focusing more on defense spending as a percentage of GNP or on imposing defense-related trade sanctions. In this respect it can be argued that Japan is now paying the price for past policies. Until last year Tokyo was adamant that defense spending not exceed 1 percent of GNP rather than allowing security needs to determine the size of the budget. This focus has in effect helped to cast the congressional debate in percent-of-GNP terms.

[2] Ibid., p. 50.

This is not to say that there are not more moderate views on Capitol Hill. Sen. Carl Levin (D, Mich.), for one, has abandoned the linkage argument in favor of the administration's "roles and missions" approach. Although acknowledging his frustration with the disparity between bilateral trade and defense relations -- "it seems as though the larger the trade deficit we have with a trading partner, the smaller the defense burden being carried by that country" -- he also cautions that "we shouldn't mix apples and oranges . . . . Troop reductions [and other initiatives] should be based on national security, not on prosecuting a trade war."

Senate Majority Leader Robert Byrd (D, W.Va.) has also advocated a policy approach closer to the administration's. In 1986 Sen. Byrd urged the Japan Defense Agency to pursue policies that would meet the Suzuki goals and to consider spending any savings realized by the appreciation of the yen or lower oil prices to cover more of the costs of Japanese civilians at U.S. military bases in Japan -- a policy recently adopted. The previous year he successfully sponsored an amendment to the fiscal 1986 State Department authorization bill requiring the Pentagon to include in its annual burden-sharing report an analysis of Japan's performance toward achieving adequate defense capabilities out to 1,000 nautical miles.

Sen. John Rockefeller (D, W.Va.), too, feels that Japan should match its global economic success with commensurate political responsibilities, but says that "we should not neglect to note the important strides that have been made [in Japan's defense buildup] in the last several years nor ignore the realistic limits of what can be accomplished in the future." Sens. Rockefeller, Levin and Byrd are in a decided minority, however; particularly if trade frictions continue to escalate, they may be unable to refocus the debate.

Overview of Japan's Defense Program

Critics who focus on Japan's defense spending as a percent of GNP and on that basis conclude that it is apathetic about defense often overlook important facts. The past five years have seen steady, quantitative increases in overall defense spending, although from a very small base. The defense budget has increased approximately 6 percent annually since FY 1983 to become the sixth-largest military budget in the world. In addition, Japan now deploys more tactical aircraft than U.S. forces in all of Asia and it has almost twice as many destroyers as the U.S. Seventh Fleet. Qualitative improvements in weapons systems and armed forces training have also proceeded. These military measures have been complemented by an economic assistance program that is the second-largest in the world.

Japan's current defense capabilities provide a base-line level that is useful in assessing what more can and should be asked of it.

The 1986-90 Mid-Term Defense Plan: Procurement - This is the third such program undertaken to meet the goals set forth in the 1976 National Defense Program Outline. It generally focuses on improving and expanding Japan's capabilities in air defense, anti-submarine warfare, ground force response to a manned invasion, and command, communications, intelligence and reconnaissance.

It calls for acquisitions of military systems including: 50 P-30 anti-submarine warfare patrol aircraft; 63 F-15 fighters; seven C-130 transport aircraft; six Patriot surface-to-air missile systems to replace outdated Nike missiles; nine destroyers; and five submarines (see Chart 1). In addition, by

Chart 1

Attainment of Defense Buildup Under National Defense Program Outline

Classification	Outline	Fiscal 1987	Program Completion
SDF Personnel	180,000	180,000	180,000
GSDF			
Units deployed regionally:			
Divisions	12	12	12
Composite brigades	2	2	2
Mobile operation units:			
Armored division	1	1	1
Artillery brigade	1	1	1
Airborne brigade	1	1	1
Training brigade	1	1	1
Helicopter brigade	1	1	1
Low altitude surface-to-air missile units:			
Anti-aircraft artillery groups	8	8	8
MSDF			
Anti-submarine surface-ship units (for mobile operations):			
Escort flotillas	4	4	4
Anti-submarine surface-ship units (regional district units):			
Divisions	10	10	10
Submarine units:			
Divisions	6	6	6
Minesweeping units:			
Flotillas	2	2	2
Land-based anti-submarine aircraft units:			
Squadrons	16	14	16
Main Equipment:			
Anti-submarine surface-ships	60	61	62
Submarines	16	14	16
Combat aircraft	220	168	214
ASDF			
Aircraft control and warning units	28	28	28
Interceptor units:			
Flight squadrons	10	10	10
Support fighter units:			
Flight squadrons	3	3	3
Air reconnaissance units:			
Flight squadrons	1	1	1
Air transport units:			
Flight squadrons	3	3	3
Early warning units:			
Flight squadron	1	1	1
High-altitude surface-to-air missile units:			
Anti-aircraft groups	6	6	6
Main equipment:			
Combat aircraft	430	396	415

Source: Japan Defense Agency

planning for the deployment of SSM-1 surface-to-surface missiles, a domestically designed and manufactured system capable of striking a ground object at a distance of 62 miles, Japanese forces should be able to intercept a potential invasion force well before the time it actually reaches the home islands.

A noteworthy feature of the fiscal 1987 budget, which funded the second year of this estimated Y18.4 trillion ($147.2 billion at Y125=$1.00) program, was the funding for an over-the-horizon radar site for defense against long-range Soviet Backfire bombers. Defense analysts termed the decision a "turning point" because it represented the first time that a weapon was bought that was not strictly for Japan's self-defense. The radar will function as part of a proposed chain of stations from Alaska through the Aleutian Islands to the Philippines.

DOD believes that completion of this plan by 1990 should enable Japan to defend its sealanes out to 1,000 nautical miles. The Japan Defense Agency maintains that its fiscal 1988 budget, at Y3.7 trillion ($29.6 billion), should adequately fund major front-line equipment purchases, including the next-generation fighter support aircraft (the FSX), and enable Japan to meet these mid-term procurement goals.

Host Nation Support - Under the U.S.-Japan Mutual Security Treaty, Japan provides base facilities for U.S. forces. The bases not only represent the U.S. commitment to Japan's security but they are also critical to U.S. deployments in the Asian Pacific arena. Tokyo provides 40 percent of the $6 billion costs of maintaining U.S. forces at over 100 military facilities, and presently funds 50 percent of the local labor cost allowances and benefits for 21,300 Japanese employees; 100 percent of these labor costs will be funded in 1990.[3] Moreover, its fiscal 1988 defense budget earmarks over Y320 billion ($2.6 billion) for 55,000 U.S. personnel, which amounts to more than $46,500 per person. As one defense analyst observes: "[Congressional] critics who have advocated the withdrawal of U.S. forces from Japan over trade problems and Japan's perceived free ride on defense would do well to consider this Japanese support for the U.S. [Far East] strategy."[4]

Joint Planning and Maneuvers - A marked increase in joint military exercises and strategic planning has enhanced the ability of the two countries' armed forces to operate together. The 1978 "Guidelines for U.S.-Japan Defense Cooperation" set the stage for regular planning discussions to consider joint action in meeting a threat to Japan. In January 1988 Defense Secretary Frank Carlucci and Japan Defense Agency head Tsutomu Kawara agreed to commission a joint study on the logistics of deploying heavily equipped U.S. combat troops to Japan in the event of an invasion. The planning process itself has been of tremendous value in providing each side with a more realistic perception of the other's capabilities.[5]

[3]Testimony of Admiral Ronald J. Hays before the Senate Armed Services Committee, March 15, 1988, and testimony of Assistant Secretary of Defense Richard L. Armitage before the House Appropriations Subcommittee on Military Construction, March 16, 1988.

[4]Rubinstein, op. cit., p. 44.

[5]Ibid., p. 45.

Joint military training is also on the rise. Although initially these exercises were limited in scope, usually involving only the Maritime Self Defense Forces in maneuvers with the U.S. Navy, all branches of the Self Defense Forces now participate in joint training exercises with U.S. forces. Since 1986 the two have sponsored combined exercises involving all branches of the armed services (see Chart 2). Recently JDA announced that approximately 10 warships, nine anti-submarine planes and about 2,300 troops will participate in the U.S. Pacific Fleet's biannual RIMPAC maneuvers around Hawaii in June and July -- the largest participation by the Japanese Navy since it joined this exercise in 1980.

Chart 2

Participants at U.S.-Japan Combined Military Exercises, 1986

	Japan	U.S.
Joint Staff Councils	6,000	7,000
GSDF	3,660	3,790
MSDF	334-v	241-v
ASDF	1,227-a	931-a

v = vessels
a = aircraft

Source: Japan Defense Agency

Defense Co-Production and Technology Transfers - For 30 years the United States has been the primary supplier of Japan's defense materiel. Together, government, commercial sales and licensed production programs amount to approximately $1 billion annually. These include the E-2C early-warning radar aircraft, the Harpoon anti-ship missile, the Phalanx anti-missile cannon, and -- although Congress almost quashed the sale because of doubts about Japan's ability to safeguard defense technology -- the $1 billion Aegis naval air defense system. Co-production programs currently under way include the F-15 fighter aircraft, P-3C patrol aircraft and a number of air defense missiles.

Although these arrangements have generally proved quite profitable for U.S. industry (Japan's longstanding policy barring weapons exports has meant that the trade balance in this sector is 100 percent in this country's favor), the co-production program has often been criticized as a "technology grab" (see JEI Report No. 19A, May 14, 1982). Japan, too, has become restive, complaining that these programs leave it dependent on the United States for sophisticated military technology. This concern as well as security needs have created considerable domestic pressure to forego these arrangements in favor of developing indigenous defense systems.

However, both State and Defense have repeatedly stressed that co-production, whatever its inefficiencies, still presents the best compromise

between U.S. and Japanese economic and security interests. It has enabled Japan to acquire a degree of self-sufficiency while at the same time promoting systems interoperability and keeping lucrative sales channels open.

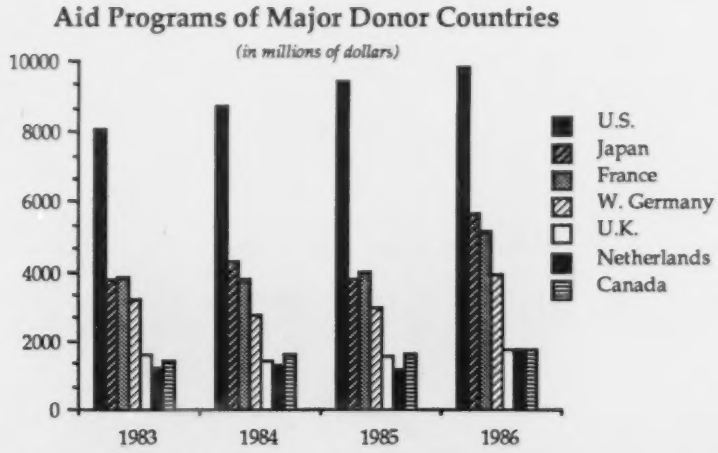
Similarly, given Japan's technological prowess, bilateral military technology exchanges could be one of the most mutually beneficial aspects of U.S.-Japan defense relations -- if bureaucratic and political problems can be overcome. Until recently the technology flow has been primarily one way -- from the United States to Japan. In 1983, however, the two sides concluded an agreement to transfer Japanese military technology to the United States. Tokyo and Washington have had problems with the arrangements because of concerns about "giving away" military technology that will be spun off into commercial avenues.

However, Japan's participation in the Strategic Defense Initiative and the plan for joint development of the FSX are positive signs that the 1983 agreement may bear fruit. Washington wants the FSX project to succeed not only so that Japan has aircraft capable of deterring the Soviet threat but also to establish a standard for meaningful joint weapons systems development farther down the road. Although it would appear that Congress indirectly strong-armed Japan into foregoing the development of an indigenous fighter in favor of working with General Dynamics Corp., the fact remains that Tokyo did place bilateral interests above narrow national concerns.

Overseas Development Assistance - Since the early 1980s when Prime Minister Masayoshi Ohira introduced the concept of "comprehensive security," Japan has included aid as part of its defense equation. According to Japan's interpretation of its peace constitution, it is prohibited from acquiring an offensive capability or engaging in collective security arrangements. Thus Tokyo relies on economic assistance to reinforce global security.

Although in the sixties and seventies Japan's official development assistance was largely targeted toward its Southeast Asian neighbors and tied to purchases of its goods, there has been a decided shift in that approach. Japan now ranks second in the world, behind the United States, in terms of overall aid disbursements (see Chart 3). And on paper virtually all of this

Chart 3



Source: Organization for Economic Cooperation and Development

assistance is now untied; however, Tokyo's "request only" approach to disbursing aid has resulted in a certain amount of de facto tied aid (see JEI Report No. 41A, October 30, 1987).

In response to U.S. pressure, the geographic focus has also been broadened to include several countries of strategic interest to the United States, such as the Philippines, Turkey, Pakistan and Egypt. In 1985 Tokyo announced that it planned to disburse more than $40 billion in the 1986-90 period, and to double 1985's $3.8 billion ODA figure by 1990. Perhaps even more significant was the decision last year to recycle approximately $20 billion of its current account surplus into the developing countries over a three-year period (see JEI Report No. 41A, October 30, 1987).

In the face of this effort, Japanese observers criticize the congressional burden-sharing panel for not considering non-military contributions to security.[6] Still, the fact that Tokyo's ODA budget as a percent of GNP is still comparatively low at 0.3 percent has been a lightning rod for criticism that it can and should be doing even more, despite the fact that the $5.5 billion earmarked for ODA in fiscal 1988 is hardly a nominal amount.

Domestic Factors - Japan's enormous strides in developing its defense capabilities would not have been possible had there not been solid public support for the buildup. And there is little doubt that this opinion has been strongly affected by the marked increase in Soviet military activities in the region. Some critics suggest that one reason Japan does not feel compelled to expand its defense effort is because it does not view the Soviet threat as seriously as does the United States. That is not the case. If anything, many in the Japanese government have a more critical view of Soviet intentions in this part of the world as a result of incidents such as the Northern Territories dispute, the KAL 007 tragedy and repeated seizures of Japanese fishing vessels.

Last month, in fact, the maritime forces strengthened aerial surveillance of Soviet naval maneuvers around Hokkaido, where the Soviet military presence now includes nuclear-powered attack submarines and other sophisticated warships. JDA fears that Moscow is trying to turn the northern Pacific into a sanctuary for its nuclear submarine fleet. Similarly, the ground forces earlier this year adopted a new forward defense strategy against a possible Soviet invasion of northern Hokkaido, emphasizing firepower to deter an invasion at the shoreline rather than relying on the inland defense system. The government's acute awareness of the nature and extent of Moscow's military presence in its backyard is apparent in a reading of Chart 4 in the annual defense report.

Currently 60 to 70 percent of the population support Japan's defense role within the context of the U.S.-Japan Mutual Security Treaty. This is a very significant shift from the 20-year period after the occupation, when any government policy that appeared to exceed the limits of Article 9 of the constitution met with public outcry. (Article 9 says that Japan will forever

[6]Testimony of Kazuki Hamada of the Center for Strategic and International Studies before the House Armed Services Subcommittee on Burden-Sharing, April 19, 1988.

renounce war and the "threat or use of force as a means of settling international disputes.") Even the opposition Japan Socialist Party has swung around to the view that the self defense forces, while still "unconstitutional," are nevertheless "legal." These contradictory semantics have helped lend further legitimacy to the entire Japanese defense structure.

Chart 4

Soviet Forces in the Far East

Classification	1976	1987
Intermediate-range nuclear forces	SS-20=0 TU-22M Backfire=0	SS-20=170 TU-22M Backfire=85
Ground forces	Divisions=31 Troops= 300,000	Divisions=43 Troops= 390,000
Naval forces	Vessels=755 Tonnage= 1.25 million	Vessels=840 Tonnage= 185 million
Air forces	Combat aircraft= 2,030	Combat aircraft= 2,390

Source: Japan Defense Agency

Nevertheless, the Japanese and their Asian neighbors are still squeamish about upping the ante. This was apparent when Prime Minister Yasuhiro Nakasone shepherded through a fiscal 1987 defense budget that exceeded the 1 percent of GNP limit. (It amounted to 1.004 percent of GNP.) As a government source described it, when the budget safely stayed within the 1 percent benchmark, no one questioned how the money was being spent; as soon as the limit was passed, the opposition, the public and Asian countries expressed alarm about revived militarism. A poll of the ASEAN (Association of Southeast Asian Nations) countries conducted by the Foreign Ministry in February 1987 noted that there had been virtually no change in opinion since 1983 on the question of whether Japan would become a "threatening military power" if encouraged to assume a greater defense role. These political sentiments have influenced and will continue to influence the government's consideration of an expanded defense role.

A Forward-Looking Approach? - Recent statements and policies suggest that Tokyo is adopting a more creative approach to expanding its defense role in an effort to respond to Washington's requests while at the same time remaining sensitive to domestic and regional attitudes. Last summer, then-Prime Minister Nakasone took the very bold step of indicating that Article 9 of the constitution would not proscribe Japan from sending minesweepers to the Persian

Gulf. No military action was taken, however. Tokyo instead promised to make certain non-military contributions, including a sophisticated land-based navigation system to facilitate the passage of ships, increased ODA to strategic countries like Oman and Jordan, financial support to the United Nations peacekeeping operations and increased host nation support. Still, the initiative was significant because it indicated a willingness to break from a literal interpretation of the constitution in the interests of allied cooperation.

In a March 21 speech to the graduating class of the National Defense Academy, Prime Minister Noboru Takeshita also appeared to strike out in a new direction, urging the development of defense capabilities "commensurate with our national [economic] power." On the eve of his May trip to Europe, he promised to spell out a plan for "greater Japanese contributions to the international community" involving increased ODA and greater support for U.N. peacekeeping activities. According to both U.S. and Japanese sources, these statements by no means presage a major military buildup. Rather, they indicate a willingness and desire on the part of the government to explore non-military means to shoulder more of the security burden as well as carry out those defense missions that have been defined in the 1986-90 plan.

There does appear to be a more progressive approach to military planning and procurement, however. Some items under discussion for the 1991-95 plan include over-the-horizon radar, AWACs and tankers for Japan's air force -- qualitative improvements to enhance the anti-submarine and air defense network called for in the current mid-term plan. Also under study is the acquisition of a small aircraft carrier for the maritime forces, which has sparked considerable debate. Because there is opposition to Japan's acquiring an offensive power projection capability, experts give it only a 50-50 chance of being included in the 1991-95 plan. There are indications that the Pentagon may also be worried about giving Japan a more autonomous capability that could complicate joint planning and maneuvers. However, JDA officials justify the acquisition on the grounds that it will be used for strictly defensive submarine warfare, and is essential to maintain an effective air defense out to 1,000 nautical miles.

JDA and Defense officials have also agreed to store military supplies in Japan for use by American forces in deployment exercises. Although this has been a longstanding practice with NATO allies, this is the first time Tokyo has agreed to it.

How Much Is Enough?

There are areas where Japan can do more. Increasing strategically targeted, untied ODA to 1 to 2 percent of GNP would certainly be a significant and welcome step. However, budgetary constraints may undermine efforts in this direction. In fact, the Foreign Ministry does not foresee a quantum leap in ODA; only continued, gradual increases.

This being the case, Japan may have to lay its reservations to rest and plunge into defense technology transfers and joint development projects. There is a recognition that all parties involved will reap the benefits of these arrangements in both the military and commercial spheres. Tokyo's willingness to take responsible positions on difficult international issues, such as the

Iran trade embargo, would enhance its image in the United States and further deflect burden-sharing criticism.[7]

Japan's defense program has been described as composed of "small steps forward, with no backtracking." Unfortunately, the pressure of the trade deficit has made Congress impatient with incrementalism. At the same time, behind some of the harsh rhetoric is an awareness that ally-bashing can be counterproductive on an issue as complicated and politically sensitive as this one. On April 29 the House soundly defeated two amendments to the fiscal 1989 defense authorization bill that would have required sharp troop withdrawals from NATO countries and Japan unless their defense spending increased by a rate equal to their economic growth, or expanded to approximately 6 percent of GNP -- the U.S. level. With the defeats, however, came warnings from both supporters and opponents alike that this issue would definitely return in the next administration. "It's clear that a reappraisal of our defense burden is long overdue," said Rep. Andy Ireland (R, Fla.), co-chair of the burden-sharing panel with Rep. Schroeder, who voted against the amendments.

By and large U.S.-Japan defense relations have been, as described by one Pentagon official, the "success story of the 1980s." But unless Tokyo can continue to demonstrate its commitment through aid, foreign policy or other initiatives, the security aspect of the relationship could get sucked into the trade quagmire.

[7]Statement of Sen. John Rockefeller before the U.S. Senate, December 17, 1987.

For further information, contact Barbara Wanner.

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The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.